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HB 1339 – Sales and Use Tax and Personal Property Tax – Exemptions – Data Centers

To provide an exemption from the sales and use tax for sales of qualified data center personal property for use at qualified data centers.

Ways & Means Committee

Favorable

Potomac Edison, a subsidiary of FirstEnergy Corp., serves about 270,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery and Washington Counties). FirstEnergy is dedicated to safety, reliability and operational excellence. Its ten electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland and New York.

FirstEnergy requests a Favorable report on HB 1339 for the following reasons.

House Bill (HB) 1339 proposes an exemption of the sales and use tax for qualified data center personal property – including computer equipment, software, HVAC and mechanical systems, and equipment necessary for the generation, transformation, transmission, distribution, or management of electricity. Counties designated as Tier 1 (currently including Garrett, Allegany and Washington) could offer these exemptions at lower capital investment thresholds. (Tier 1 counties have the highest sustained unemployment rates when compared to state averages.) This legislation would enable Maryland to be competitive with the other states in the mid-Atlantic that already have incentives for data center operations. Further, data center's consume high levels of electricity (often dual fed for reliability), and Potomac Edison's transmission and sub-transmission system is well-suited to accommodate this targeted industry that generates high paying jobs and millions of dollars in personal income and capital investment.

For these reasons, FirstEnergy respectfully requests a **favorable report** on HB 1339.